

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

Agricultural Situation

MAY 1958

Vol. 42, No. 5

**Agricultural Marketing Service
U. S. Department of Agriculture**

Wheat Vote June 20

Wheat growers will decide by referendum June 20 whether to accept quotas for the 1959 crop set by the Secretary of Agriculture.

When setting quotas, the Secretary also announced wheat acreage allotments and a 10-State noncommercial wheat producing area for 1959. He said that the minimum average support price for the 1959 crop will be stated before the referendum.

Who May Vote

Growers who will have more than 15 acres of wheat for harvest as grain in 1959 in any one of the 38 commercial wheat States come under the regulations of quotas and will be eligible to vote in the referendum. Excluded, however, are producers who signed applications under the feed wheat provisions permitting them to grow as much as 30 acres for use as feed on the farm for 1958. Quotas become effective if approved by two-thirds or more of those voting.

If quotas are approved, producers in commercial wheat States who stay within the acreage allotted for their farm will be eligible for the full level of price support on their entire produc-

tion. In general, individual farm marketing quotas will be the normal production or the actual production, whichever is larger, from the farm acreage allotment.

Producers in commercial States who exceed their farm acreage allotments will not be eligible for price support. They will be subject to marketing quota penalties on their excess wheat, if (1) they have more than 15 acres for harvest, or (2) they have not signed applications for exemption under the feed wheat provision permitting 30 acres or less to be used exclusively for feed on the farm.

There are no limitations on the amount of wheat which may be grown for use on the farm for food, feed, or seed by State, religious, or charitable institutions. Penalties will be 45 percent of the May 1, 1959, parity rate.

Alternatives

If quotas are defeated in the referendum, the law provides a wheat price-support level at 50 percent of the July 1, 1959, parity for producers who stay within their acreage allotments. Farmers may exceed their allotments without being subject to quota penalties, but

they will be ineligible for any price support.

In the noncommercial States—States having wheat allotments of 25,000 acres or less—farm wheat allotments and marketing quotas, if approved, do not apply.

The noncommercial area of 10 States for 1959 is two States smaller than in 1956, 1957, and 1958. Alabama and Mississippi have been added to the commercial producing area to make a 38-State total for 1959.

In noncommercial States, price support will be at 75 percent of what the rate would be if the State were in the commercial area.

Allotments

The national acreage allotment for the 1959 crop was set at 55 million acres, the minimum level specified by law. Legislation provides for establishing a national wheat acreage allotment each year except in the event of a national emergency or a materially increased export demand for wheat.

If the allotment had been determined on the basis of the law's supply formula, the 1959 allotment would have been 21.4 million acres. 1959 will be the sixth successive year that wheat acreage allotments have been in effect and the fifth successive year that the 55 million-acre minimum allotment has been applicable.

The 1959 allotments in the principal wheat producing States do not differ greatly from those established last year. Each wheat producer will be informed of the acreage allotment for his farm in advance of the wheat marketing quota referendum.

Robert E. Post

Agricultural Economics Division, AMS

The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work.

Have You Filled Out June Survey Cards?

Thanks to cooperation from thousands of United States growers, the Crop and Livestock Reporting Service, Agricultural Marketing Service, will be able to release basic current information on the pig crop on June 20 and on acreage for harvest this year on July 10.

Growers who receive either a June Rural Carrier Livestock Survey card or a June Acreage Survey card or both are asked to fill them out promptly and mail them promptly to their State Agricultural Statistician. The filled-out Livestock Card also provides additional information to be used in other livestock reports in July.

Knowledge is power. It's lack of correct information that produces market gluts and consequent low prices. Surveys of this type enable farmers to plan production so that supply will come closer to equaling, not exceeding, demand. They help haulers, processors, and distributors program their facilities to meet peak marketing demands.

Doing Your Part

There are the same reasons for filling out a report like this as there are for belonging to a church. If nobody belonged, we wouldn't have the benefits of a church in our community. If we don't belong ourselves, we benefit from its presence but we let someone else carry the load.

If we want to get the most benefit, we join that church or fill out that report and enjoy the good feeling we are doing our share to earn that benefit.

Charles E. Burkhead

Agricultural Estimates Division, AMS

The Agricultural Situation is a monthly publication of the Agricultural Marketing Service, United States Department of Agriculture, Washington, D. C. The printing of this publication has been approved by the Director of the Bureau of the Budget (January 16, 1956). Single copy 5 cents, subscription price 50 cents a year, foreign 70 cents, payable in cash or money order to the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

Livestock

Withholding of cattle, sheep and hogs has slowed marketings and pushed prices up. But moderate increases in current slaughter supplies are underway. Consequently prices of meat and meat animals in late winter probably were at their peak for the year. Prices for fed cattle this spring are expected to decline seasonally and the average this summer will be moderately below the winter highs. This will limit further increases in grass cattle prices.

Prices of hogs may fluctuate about their early-spring level until midsummer. Then they will decline this fall but will compare favorably with previous years. Prices of lambs doubtless will share in the general price strength. This will be a comparatively good price year, and cash receipts from marketings of meat animals may be the highest since 1952.

Dairy

The effect of reduced manufacturing milk and butterfat prices on the price to farmers for fluid milk will vary among markets. Decline in the average price to farmers for milk sold at wholesale may range from 12 to 14 cents below the \$4.20 per cwt. that farmers received last year. Relationships this year between milk and feed prices, however, will be considerably above average. Other production costs will be higher. This, together with high meat animal prices, will tend to restrict milk output in some areas. However, higher meat animal prices also have helped to increase cash receipts for dairy enterprises as a whole in all areas.

Flaxseed

A relatively tight situation which, a few months ago, was expected to build up later this year, now appears to have eased. Consumption of linseed oil has dropped sharply in recent months and demand for crushing has declined.

Much of the drop in domestic use has been caused by the general slowdown in economic activity, linseed oil's high price relative to competing oils, and possibly some reduction in inventories by the drying oil trade. Flaxseed prices have been slipping. Domestic use of linseed and other drying oils through this marketing year is likely to continue below last year.

Feed

Though feed-grain acreage is expected to be cut this year, supplies will be ample through the 1958-59 feeding season. Carryover will increase and supplies of protein feeds will be large. Part of the price strength since last fall is seasonal, but some of the rise came from higher livestock prices and heavy movement under support. Prices this spring and summer are likely to continue below a year ago.

Wheat

Early indications place total production this year about a fourth larger than in 1957. Output would be about 1.2 billion bushels with a winter-wheat crop of 964 million, as indicated April 1, and assumed production of spring wheat totaling 225 million. Such a production might exceed disappearance in 1958-59 by as much as 200 million bushels.

Vegetables

Through spring, supplies for fresh market are likely to be smaller than a year earlier. Potato supplies are somewhat smaller this spring than last, and prices in the next few weeks are likely to continue well above the low levels a year earlier.

Fruit

Cold storage stocks of apples on April 1 are much larger than last spring, but supplies of fresh oranges and grapefruits are substantially smaller.

SOYBEAN SUPPLIES MAY

SET RECORD IN 1958

A new record acreage of soybeans is in prospect for 1958.

Farmers' intentions in early March point to a probable planting of 24 million acres. The support price for 1958 crop soybeans at \$2.09 per bushel, unchanged from 1957, was announced in advance of the time farmers reported their intentions.

Increases General

Increases are planned over last year in all major producing areas. This acreage would exceed last year's record by 10 percent and would mark the ninth consecutive year of acreage expansion during which total plantings have doubled.

Last year's per acre yields were record high. If yields this year should be near the 1952-56 average, the crop from intended acreage (assuming an unchanged proportion harvested for beans) would be somewhat under the 480 million bushels of last year. On the other hand, if yields again reach the record level of 1957, output would be about 525 million bushels.

There are early-season indications of near-record supplies of food fats and oils in the 1958-59 marketing year. A sharp increase in lard output is in sight. Butter output probably will not differ significantly from this year's level. Cottonseed oil production, however, may be down somewhat because of the 5 million cotton acreage placed in the Soil Bank program for 1958. Total supplies of soybeans (including carryover) in 1958-59 are expected to exceed those of the current year.

For the remainder of the 1957-58 marketing year, large soybean supplies will be available, and present prospects indicate farm prices probably will continue to average near the support level of \$2.09 per bushel.

Crushings and exports are expected to continue at a record pace. They

may absorb all but about 25 to 30 million bushels of the huge 1957 crop.

Sharply reduced supplies of cottonseed oil and lard this marketing season, coupled with strong domestic and export demand for food fats, have been important factors boosting the demand for soybeans. These recent developments have tended to alleviate what had appeared only a few months ago to be a relatively large surplus situation.

Soybean exports, continuing the up-trend of recent years, probably will total about 90 million bushels for the 1957-58 marketing year. The previous high was 85 million in 1956-57.

United States soybeans are in strong competitive position. They are abundant and competitively priced. Manchurian supplies are limited. Furthermore, many foreign exporting countries restrict exports of oilseeds and encourage exports in the form of oil and meal, while many importing countries encourage imports in the form of oilseeds.

Strong domestic and export demand for edible vegetable oils is encouraging a record soybean crush. Estimates of domestic use and exports of soybean oil indicate soybean crushings for the 1957-58 marketing year probably will total around 340 million bushels, about 25 million more than the 1956-57 peak.

Estimated seed requirements (including feed and loss) for the record acreage expected for the 1958 crop probably will total about 33 million bushels.

Probable Carryover

Exports, crushings, and use for seed account for most of the total disappearance. If estimated requirements for these outlets are reasonably accurate only about 25 to 30 million bushels of soybeans will be carried over on October 1, 1958. Although this figure would be 15 to 20 million bushels above the carryover of a year earlier, it would

still be only about 5 or 6 percent of the 1957 crop.

Farmers placed over 90 million bushels of soybeans, nearly 19 percent of the 1957 crop, under support programs. Redemptions totaled 2 million bushels through mid-March. Commodity Credit Corporation is likely to acquire a substantial quantity of the beans under support when loans mature May 31, 1958.

CCC Sales

After May 31, CCC-owned beans will be sold at the higher of the domestic market price or the 1957 basic loan rate at point of production for grade No. 2 soybeans, plus 1.5 cents per bushel carrying charges for each month or part of month beginning June 1, 1958. This last alternative will also include a "quality adjustment" factor. The sales policy will be effective until October 1, 1958.

A large volume of soybeans is expected to move from CCC hands into trade channels during the summer.

The above estimates of crush and export indicate nearly three-quarters of the beans under support will be needed before the 1958 crop is available.

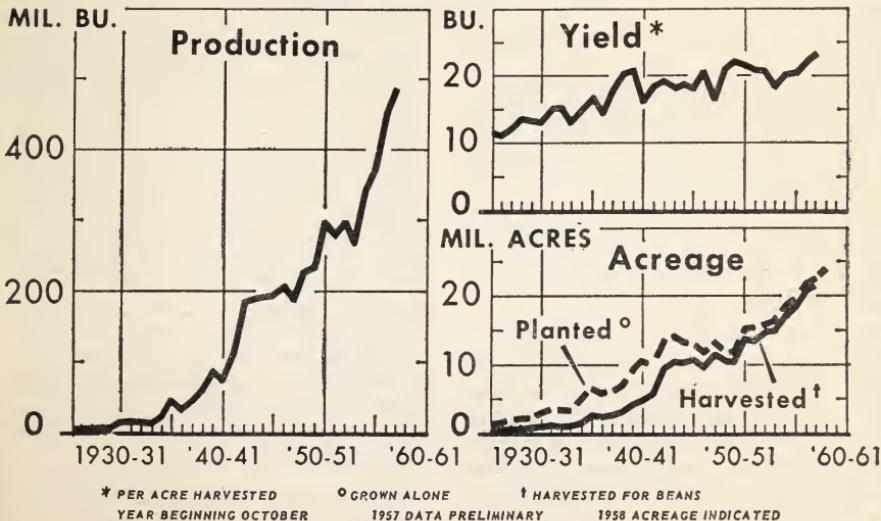
Soybean oil prices this season have been relatively stable below year-earlier levels and this trend is likely to continue through the spring. Prices later in the marketing year will be influenced by the size of edible oil supplies and possibly by meal prices.

Naturally, if crop prospects suggest large supplies in 1958-59, pressure on supplies this summer probably will not be great. Pressure would increase if carryover stocks of cottonseed and soybean oils on October 1, 1958, drop below the estimated 375-400 million pounds. The export outlook this fall also will have a bearing on summer prices.

Demand for soybean oil and meal will continue fairly strong and the price spread between the cost of soybeans and value of products is not likely to change much.

George W. Kromer
Agricultural Economics Division, AMS

SOYBEANS



Nearly All U. S. Farmers Enjoy Electricity, Autos

Farmer-operator families in the United States have been improving their levels of living in recent years. This is true not only of the United States as a whole but of every section of it.

Agricultural Marketing Service, checking trends and patterns in levels of living among farm families in 1956, found these major trends:

Electricity

1. Almost all farm families had electricity and mechanical refrigeration in their homes.

2. Three-fourths of the farm families owned automobiles.

3. Nearly two-thirds lived in houses equipped with running water.

4. Half the families had telephones and television sets.

Most heartening fact is that there has been a steady upward trend in most items of living during the more than a third of a century considered for portions of the survey.

In 1920, for example, only 7 percent of all United States farm families had gas or electric lights. In 1956, 94 percent had electricity. As recently as 1950, this figure had been only 78 percent.

Mechanical refrigeration, of course, is a more recent phenomenon. In 1940, only 15 percent of all farm families had mechanical refrigerators. In 1956, the figure jumped to 90 percent.

Home freezers, an even more recent innovation, were in 39 percent of the Nation's farm homes in 1956, compared with only 12 percent in 1950.

The large number of farm families possessing this convenience is even more significant considering that the freezing of food was alien to traditional practices in most farm families before 1950. However, many farm families evidently find it today a major economy in the preservation of home grown meats and vegetables.

The proportion of farm families owning automobiles increased from 63 to 74 percent from 1950 to 1956. This was the first marked change since 1930, when the figure was 58 percent. Back in 1920, it was only 31 percent.

Running water in a home is a necessity for modern, healthy living. Without it, the farmer and his family cannot use flush toilets nor do they have a ready supply of hot water for bath and kitchen.

Installation of a water system is usually an individual matter. In contrast, electrical service is usually a community concern. Since installing a water system is rather costly, one would expect farm homes to lag behind urban homes in this respect.

As recently as 1950, indeed, only 43 percent of the farm families in the country had running water in their homes. Low as this figure is, the increase had been steady from 1920 when only 10 percent of all farm homes enjoyed this convenience. But the increase from 1950 to 1956 was even more striking. In the latter year, 64 percent of all farm families had running water in their homes.

Telephones

Similarly, there was a rather sharp increase in the number of telephones (from 38 to 52 percent) from 1950 to 1956.

This is particularly significant because telephone use is more readily affected by economic change than most other major level-of-living items of farm-operator families. When incomes decline, farmers have proved more inclined to dispense with telephone service than with some other facilities. Thus, after a decade of depression, only 25 percent of farm families had telephones in 1940, compared with 39 percent in 1920. But since 1940 the climb has been steady.

Half the farmers in the United States bought television sets from 1950 to 1956. The increase was more rapid than for

most other technological innovations. In 1950, only 3 percent of farm families had TV. In 1954, it was 36 percent; in 1956, 53 percent. This meant approximately 2.5 million sets were purchased between 1950 and 1956.

TV Is Educational

The use of television as an educational medium apparently aided this trend. By using the new device, agricultural extension agents, among others, were able to bring invaluable information to farmers. If the present trend continues, it seems few farm families will be without television by 1960.

Regional variations in consumption and use of all these items is pronounced, AMS found.

Farmers of the North and West, in 1956, led in the possession and use of electricity, telephones, automobiles, mechanical refrigerators, home freezers, power washers, televisions, running water, and flush toilets. These regions had led for many years. However, the rate of improvement in farm-operator family levels of living was faster in the South than in the United States as a whole.

Within the Northern region, farmers in the Northeast (including the New England and Middle Atlantic geographic divisions plus Maryland and Delaware) enjoyed the highest levels of living in 1956.

In the South, the lowest levels of living were found in the East South Central division and the highest in the West South Central division. In the Western region, differences in the two divisions were slight but somewhat larger percentages of farmers living in the Pacific division owned and used most items.

Finally, owners enjoyed a small advantage over renters in the possession and use of most items. Conveniences and innovations were fewer in the homes of the youngest and oldest groups of farm operators than in those of intermediate ages.

Alvin L. Bertrand

Agricultural Economics Division, AMS

Report to Peach Growers On Better Packaging

The technical people are making progress in prepackaging your tree-ripened or firm ripe peaches in a way that will please consumers, and presumably, increase your sales.

The Agricultural Marketing Service found consumers overwhelmingly in favor of tree-ripened prepackaged peaches. The consumer package evaluated in a number of packing plants in North and South Carolina was a cell carton in 2 sizes (8 and 10 cells). The carton was packed both in a wirebound crate and in a combination fiberboard and veneer master container.

Of the 2,769 consumers who answered the AMS questionnaire, 2,548 (92 percent) liked the peaches. The peaches were in good condition, according to 88 percent. Most significant, 98 percent said the container was undamaged.

Principal objection was that the peaches were difficult to remove from the cell cartons. Perhaps the reason was that instructions for removing the peaches were printed on the bottom of the packages where they could easily have been overlooked.

Premiums Offset Costs

Materials and labor costs to prepackage peaches are twice as high as similar costs for bulk packing peaches in $\frac{3}{4}$ bushel baskets, but premium prices received for the more mature peaches more than covered these additional costs. The consumer gets a better product, and, if he is satisfied, this may widen your markets.

Remember, though, that you, the grower, have much to say whether this new idea will succeed. If a premium is to be paid for prepackaged peaches, you have to earn it by providing peaches of premium quality.

John L. Ginn
Marketing Research Division, AMS

MY GARDEN IS FUN

About 3 spades and 10 hoes ago, I began gardening. That doesn't include the ones I leaned on as a boy.

In the winter, I address postcards and write, "Please send me your catalog." The "dream books" arrive and whet my intentions to plant, cultivate, and harvest. Yes, in the spring my fancy turns to gardening. It's a part of my life.

Work Never Stops

Like farming, my gardening is a year-round operation. There is work in the spring, summer, fall, and winter—everything in season if I am on schedule. If not, I'm in trouble. I'm also in trouble when my wife adds up the checks for seeds, bulbs, shrubs, fertilizers, and similar items and asks, "Why do you do all that work? Do you realize how much you have spent so far?"

That "so far" has a prophetic inflection. Sensing that, I give her the reasons, holding back on only one.

In the first place, it isn't work, it's fun—recreation. There may be some temporary sweat, strain, or backache, but those are merely harbingers of refreshing rest in the cool shade, soothing sleep at night, and a rewarding harvest.

Forecasting cotton production and estimating broomcorn and naval stores bring into focus the myriad and complex facets of modern agriculture. I need to know about soils, organic matter, weather, plant diseases, fungicides, insects, insecticides, fertilizers, herbicides, the importance of timing, and other aspects of management.

Then, too, there are periods of tension and I need a relaxing diversion. My postage-stamp farming not only keeps me abreast of the times in cultural practices, but also helps to clear the mental fog after the day's work. In addition, it is my liaison with crop reporters and farming in general. I speak and appreciate the language.

When it rains, it isn't just an inconvenience. It means something more. Moisture is being replenished in the soil, the beans are sprouting, the corn filling out, and the dahlias bursting forth.

To some, a hot muggy day may be awful but I hear the plants stretching up. Yes, when you farm or garden you are really conscious of the weather. Those who say nothing has been done about the weather forget air conditioning and irrigation. My garden has taught me the value of irrigation, even in a so-called humid climate. It indicates that for the "kingsize" gardens throughout the Nation the upward trend in yield per acre will continue.

It has given me firsthand knowledge of the increasing cost of production in this era of chemical and horseless horse-power farming.

My garden gives me an appreciation of beauty and of the productivity of the good earth. It shows a generous response to affectionate care and imposes stiff penalties for neglect.

At present, I am becoming a specialist—growing primarily chrysanthemums, dahlias, and various cut flowers, with only a few tomatoes and other vegetables for fresh use. I may soon be growing potted chrysanthemum plants under a contract with a florist. Then my gardening will conform to the latest change in agriculture—contract farming.

I'm the Winner

There is a lot of give and take in the garden, but gardening gives me far more than it takes from me. In my garden I can hear the inarticulate, see the invisible, and sense the infinite.

All this and no housework. That's the one reason for gardening I don't explain to my wife—she knows that already.

Yes, there is a good future in gardening—you always have at least one more spade to go.

John J. Morgan
Agricultural Estimates Division, AMS

"Bert" Newell's Letter

I have just returned from a very interesting and important trip to Puerto Rico. I went there to learn something about its agriculture and to discuss with the Commonwealth's Secretary of Agriculture whether it would be possible to develop a Crop and Livestock Reporting Service there that can be coordinated with the program we have in the 48 States.

Without such a service, Puerto Rican farmers have had a lot of problems to meet. You may remember we started a cooperative program in Hawaii 2 years ago to meet a situation like this, and it's working out just fine.

I got quite a kick out of meeting the people and seeing the historic sights that are so closely tied in with the early exploration of the Western Hemisphere. For example, San Juan, the capital, settled about 1508, just about 100 years before Captain John Smith established his colony at Jamestown, Virginia, was the headquarters of Ponce de Leon. From San Juan he set off for the "fountain of youth" and the exploration of Florida.

As I walked around the narrow streets in the old walled city, I could almost feel the presence of the old explorers. The old San Juan cathedral, dating from 1521, stands but a short distance from the watergate. Early travelers passed through this gate to the cathedral where they gave thanks for their safe arrival.

One of the most impressive sights is El Morro, the huge and forbidding fort built to protect the settlement. It was one of the main fortifications erected by the Spanish to defend their western empire. When you see El Morro and the wall around the city, it is fascinating to speculate how such a massive structure was built without the aid of modern machinery.

Of course, I was most interested in the agriculture of the Commonwealth. We spent 4 days covering the broad level fields along the coast, which are mostly devoted to sugarcane, and visiting some of Puerto Rico's modern dairies which provide milk for the island's principal towns.

Then, turning into the mountains, we viewed some of the farms in the picturesque interior valleys. Some of these farms were on unbelievably steep slopes.

Farms are generally small. The principal crop is sugar. Then come tobacco, coffee, pineapples, many varieties of bananas, and dasheens and other root crops. Some vegetable crops were more familiar to me and to you—lettuce, cabbage, tomatoes, peppers, and sweetpotatoes.

There is still a fair production of citrus fruits including oranges, grapefruit, lemons, and limes, although these are not nearly so important as they were some 20 to 25 years ago.

Some farms are in the hills, remote from modern transportation. These growers bring their bananas and plantains and other produce out by pack mule to concentration points along the main highway where they are picked up by trucks and carried on to market.

The Bureau of Markets in the Commonwealth is doing a lot to develop some modern local markets. I visited one that is providing grading and inspection and market news service. Two others are under construction and will be valuable additions to the Commonwealth's program for market improvement.

I was greatly impressed by the friendliness of the people as a whole. They are proud of being a part of the United States and are proud of their Commonwealth, just as you are proud of your home State. I think they have something to be proud of and I hope that we will be able to work more closely with them in developing their basic agricultural statistics.



S. R. Newell
Chairman, Crop Reporting Board, AMS

HOG PRICES

DOING WELL

Prices of hogs, previously ticketed for possible trouble in 1958, have set a bright record the first few months. They may be reasonably good throughout the year.

Prices climbed above \$20 per cwt. early in the year and they are likely to stay near or above that figure until early summer or midsummer. Their decline this fall will not be severe.

Prices Near Record

Current prices, moreover, are almost twice the 1955 low and not greatly short of their 1953-54 all-time record (see chart).

Prices are up despite a reported increase in the 1957 fall pig crop, despite unemployment and a drop in consumer income, and despite the well publicized slow decline in demand for pork.

Why is this true? This much we know:

1. Hogs slaughtered in recent months came from the rather small pig crop of 1957. The spring crop of that year was down 3 percent. The fall crop was up only 2 percent and the year's total down 1 percent.

2. Much of the increase in last year's fall pigs is going into larger retention of sows and gilts for 1958 fall farrowing, rather than into current slaughter.

3. The above estimate of 1957 spring pigs saved is a revision from earlier data. The first estimate published last June showed almost no change from a year before.

4. Prices of hogs are extremely sensitive to changes in supply. The chart shows how much hog prices have fluctuated. As an average for postwar years, a 5-percent decrease in hog production has boosted prices to farmers by 12 to 15 percent. An increase has reduced prices equally as much.

This is a sharper price sensitivity than has been reported from earlier

studies. Consumers and marketing agencies alike are insisting on more stable supply. They do so especially when consumer income is high and meat abundant.

5. The above alone will explain most of the price rise this winter. In addition, beef supplies have been reduced. After 2 years of a numbers decline, cattlemen are moving fast to rebuild herds, and they are cutting back marketings for the purpose.

6. Hog production is now on an up-trend and it will continue upward. The 1958 spring pig crop is larger than the 1957 crop and the fall crop will also show a gain.

This last item brings us to the price outlook. Yet it does not stir up many fears for the next 12 months. Expansion to date is slow. Based on reports from farmers in 10 Corn Belt States in March, it looks as though the spring pig crop is being increased by something like 5 or 6 percent. This is about the same increase as was intended last fall. It is only about a third of the increase normally expected from last year's high hog-corn price ratio.

Furthermore, this spring's rise in farrowings is being confined almost entirely to the winter farrowing season. Farmers in the 10 States increased their December-February farrowings 15 percent but planned for only a 1 percent gain in the bigger farrowing months of March-May.

Fall Prices

Hence, marketings will be up more from last year in late summer and early fall than later in the fall marketing season. This should protect against really large declines in price. Hog prices late this fall may not be very far below a year earlier.

The 10-State report said farmers expected to increase their farrowings in

June-August, the first half of the fall season, by 13 percent. Many of these will be sows rebred after December-February farrowing. Hence it seems likely that in September-November, as in March-May, the increase in farrowings will not be so great as in the first half of the season. However, the total fall pig crop seems likely to be up by more than the spring crop. Its increase may be around 8 to 10 percent.

1959 Prices

Sensitive as they are to changed supplies, prices in late winter and spring next year (when this year's fall pigs will be marketed) will be lower than in the season now ending. Yet they will not be down a great deal and are likely still to be above an average relation to the price of corn. Pork supplies will not be unusually large relative to population, and beef output will not yet have increased very much.

In short, the prospect for next winter and spring is sobering but not sad.

Biggest reason hog production is not over-expanding in 1958 is that hog producers have been alert to trouble and wary of making extreme increases.

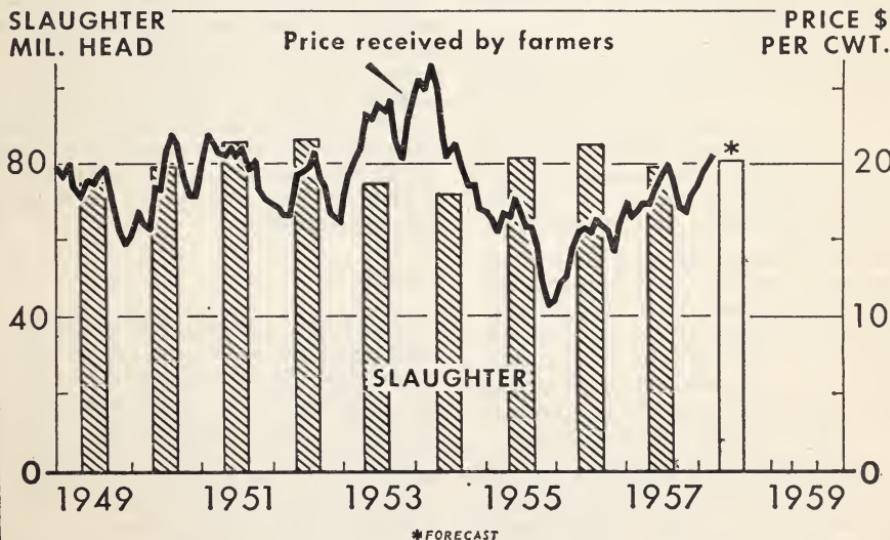
Whether they will continue to be so cautious is uncertain. Quite possibly, by the spring of 1959 restraint will have vanished and hog production will again be on a fast uptrend. If this happens, the reasonably acceptable prices in view for pigs farrowed this coming fall could be the last for several years.

All we can be sure of is that when fast expansion does come, a sharp price decline will be incurred. The sensitivity to smaller supplies that raised prices early in 1958 will work the other way when supplies are larger.

In retrospect, hog producers may have been overcautious in the past year, a moderate expansion may be justified this fall, but the danger of over-expansion has by no means vanished.

Harold F. Breimyer
Agricultural Economics Division, AMS

HOG SLAUGHTER AND PRICE



More Shorn Wool Likely

Shorn wool production may increase a little this year. The number of stock sheep on January 1, 1958, was 3 percent larger than a year earlier. The increase last year, first in 3 years, reflected the improved ranges and pastures and higher prices, together with the incentive payments.

Stock sheep numbers in the 11 Western States, Texas, and South Dakota, increased 3 percent, the first gain in 6 years. These 13 States accounted for 65 percent of the total number of stock sheep. Inventories were up in 8 of these States. Stock sheep in Texas, the leading sheep State, increased 5 percent.

Native Sheep States

Stock sheep numbers increased 4 percent from a year earlier and 28 percent from January 1, 1950, in the native sheep States. January 1 inventories were higher than a year earlier in 21 of these States.

Slaughter of sheep and lambs may be down a little this year as sheepmen continue to rebuild their flocks. If so, production of pulled wool would likely be down somewhat.

Prices received by domestic growers for shorn wool sold during the first 10 months of the 1957-58 program year just ended averaged almost one-fourth higher than the average for the entire 1956-57 season. Consequently, the 1957-58 season average is expected to exceed considerably that of 1956-57.

With the incentive level unchanged, payment rates for shorn wool and unshorn lambs under the 1957-58 program are likely to be considerably lower than those for the 1956-57 program. The 1957-58 payments will be made this summer when the average price for the entire season is known.

Largely because of an easing of world demand for wool, the 1958-59 domestic wool marketing season opened with wool prices considerably lower than a year earlier. Present indications are

that the season average price is likely to be below that for 1957-58. In that event, payment rates would be higher than rates for 1957-58.

Mohair production, also, may be up a little this year, because the number of Angora goats in Texas was 2 percent larger on January 1 than a year previously. Texas produced 97 percent of all mohair in 1957. The rise continues an upward trend which began in 1953.

In recent years, foreign markets have become an important outlet for domestic mohair. Exports during 1956 were equivalent to four-fifths of that year's clip. They were almost two-thirds of the 1957 clip, although the 1957 clip was 5 percent larger than that of 1956.

Largely owing to an easing of world demand, mohair prices, both here and abroad, are considerably lower than a year ago. Prices now being paid in Texas are below the support level.

Reportedly, a substantial quantity of 1957 clip hair remains unsold. This, together with prospects for a further increase in production, suggests that unless world demand strengthens, payments may be necessary under the 1958 program.

Any mohair payments would be determined in the same manner as wool payments. The individual producer would receive a sum equal to the percentage needed to bring the average price received by all producers for mohair sold during the marketing year up to the support level of 70 cents applied to the net proceeds from the sale of his mohair.

Procedures

The mohair grower would follow the same procedure as the wool grower. He would apply to his local county Agricultural Stabilization and Conservation Committee for payment and do so not later than April 30, 1959. He should bring with his application the account sales or sales documents he received when he marketed his mohair.

Albert M. Hermie
Agricultural Economics Division, AMS

Controlling Egg Quality

Poultry farmers today can produce eggs of consistently high quality—but can that quality be preserved until it reaches the consumer?

Marketing programs with just this aim are now being tried out in some parts of the country. Keeping pace with this trend toward quality control, the Poultry Division of the Agricultural Marketing Service is studying a plan for a new Federal-State "controlled quality" egg certification.

Egg Producers

Egg producers and operators of six egg packing plants in various parts of the country are helping AMS study the problems that must be solved before this plan could be put into operation.

The plan would provide a new quality mark similar to the present grade shield design but using the words "Fresh Fancy Quality." Beneath it would be the statement, "Produced and Marketed under Federal-State Quality Control Program."

This certification would only be granted on eggs carefully and properly handled under strict quality control procedures through every phase of the marketing channels.

Quality control would start at the farm. To qualify, a producer would have to follow up-to-date management practices and have the needed facilities to maintain quality. He would be required to cool eggs to 60° F. or below immediately after gathering and to hold them at that temperature and a relative humidity of about 70 percent.

The producer would also be required to gather eggs frequently—2 or 3 times a day—and to do any necessary cleaning or processing (shell-protecting) in a sanitary fashion. He might also be required to pack eggs from each flock separately, keeping birds of approximately the same age grouped. This requirement may prove necessary to maintain uniformity of pack and to prevent older hens from disqualifying the entire flock.

To qualify a flock, a 25-egg sample would be broken out and scored on the basis of observable yolk condition and micrometer measurements of white thickness. If the sample meets the initial requirements, the eggs would be handled and packed under the special quality label. But first any eggs with blood or meat spots, checks, odd shapes, thin shells, or other loss conditions, would have to be removed from the lot.

Thereafter, in order for a flock to remain on the quality program, each delivery from this flock would be tested on the basis of a 5-egg sample taken at random from each 20 cases. If a producer ships only once a week, a 10-egg-sample would be taken.

These provisions for the grower would be coupled with requirements for temperature and humidity control on the part of packer and retailer. In addition, packing stations would be required to have satisfactory procurement and distribution programs and retailers to take off sale any of the quality-controlled eggs not sold in a specified time.

The proposed designation would, of course, as do the present grade designations, furnish consumers with a reliable quality guide and buyers and sellers with a common language to facilitate trade at long distances. Further, it would provide a means of paying producers an incentive for high quality.

More Advantages

There could be still other advantages. It may offer a more objective measurement of quality. It would prove adaptable to mechanized methods of handling eggs, including the blood spot, and check detectors now being developed. Finally, it could replace expensive hand-candling to determine quality.

Put all these advantages together and it could add up to the most desired goal of all: A better-than-ever product and enhanced consumer interest in eggs.

Hermon I. Miller
Director, Poultry Division, AMS

Maryland Tobacco

Leads in Resales

Maryland tobacco (type 22) auction warehouses led burley and flue-cured tobacco auctions in percentage of resales during the 1957 marketing season. Resales on these 8 warehouses brought dealers and warehousemen about \$500,000 more than was paid to farmers for such tobacco.

Maryland tobacco resales—representing margin by dealers and warehousemen that did NOT go to the tobacco grower—have been trending upward since the organization of the auctions in 1939.

Percentage of Resales

The dealers and warehousemen bought nearly 4 million pounds of the Maryland crop for resale in the 1957 season. This is about 10 percent of the total Maryland crop and about 12 percent of total gross auction sales of Maryland tobacco.

Most of the tobacco obtained by these buyers was reworked and put in a more salable condition before being resold—something which the grower could have done himself. By taking advantage of price fluctuations, too, these buyers were able to increase their average selling price by \$8.33 per cwt. above the average price they paid the tobacco growers.

Warehousemen bought the larger amount of tobacco for resale, but received a smaller margin per pound than did the dealers. The warehousemen's resales included over 64 percent of all Maryland resales and had an average margin of \$6.49 per cwt. These resales are valued at \$1.5 million.

Warehousemen had a smaller average margin because occasionally they may lose money when they buy to support a price that is too low. This they must do at times, however, in order to attract and keep the patronage of the tobacco growers against the competition of other warehousemen.

Dealers obtained about 36 percent of the resales, a little more than 1½ million pounds. They retained nearly \$200,000 above the amount they paid farmers. The dealers had an average margin of \$13.66 per cwt.

Now, the percentage of resales on the Maryland markets is very high compared with other areas (see chart). Resales of the 1956 flue-cured crop amounted to only 7.5 percent, compared with 12.0 percent for Maryland. Burley resales in 1956 were only 4.3 percent. Moreover, Maryland resales have shown an upward trend since 1950, while flue-cured and burley resales have declined.

These comparisons do not include farm purchases, but only purchases and resales on the auction floor. To get a better view of the situation, farm purchases and farm resales will enter into every subsequent figure in this article.

The largest group of dealers (51 percent) buy only at the warehouse. Their resales totaled 1.1 million pounds, at an average margin of 11.18 cents per pound. Those buying only at the farm (23 percent) had resales of 609,000 pounds, at an average 9.61-cent margin. The remainder (26 percent) who buy at both farm and warehouse had resales of 1.4 million pounds, at an average margin of 6.17 cents.

Some of the dealers making farm purchases stripped and sorted the tobacco themselves. This additional work will reduce the margin of profit considerably, as compared with those who merely re-sort.

Tobacco Mixtures

Unfortunately, Maryland tobacco has the reputation of having a higher proportion in mixed qualities than other tobaccos. Some estimates are that as much as 30 percent of tobacco offered for sale on Maryland markets is poorly prepared. If the packer feels that he cannot incur the considerable expense of buying poorer tobaccos and re-sorting it, the dealer is likely to do so and to resell it.

Conditions on the auction floors themselves allow chances for error in

quality judgment. The speed at which sales progress gives buyers little time for examining the tobacco; consequently buyers often make only one bid on a basket.

The amount of light in a warehouse varies from day to day and even during the same day. For this reason, the quality of the farmer's tobacco may be misinterpreted—another opportunity for resale by professional resellers.

Maryland Season

The Maryland market season runs longer than the burley or flue-cured seasons. This furnishes additional opportunity for resales by giving dealers a better chance to offer the tobacco for resale the day after purchase.

Now, what can Maryland tobacco growers do about all this? Several things.

They have no control over market imperfections, but they do control the condition of the tobacco they offer. Farmers could sort and pack their product more carefully and so keep some

of the margin that goes to others on resales.

Again, most tobacco growers are unable to remain on the market continuously, as dealers and warehousemen do, but they can use all the information available to them to know the market better, by using the services of the Federal graders.

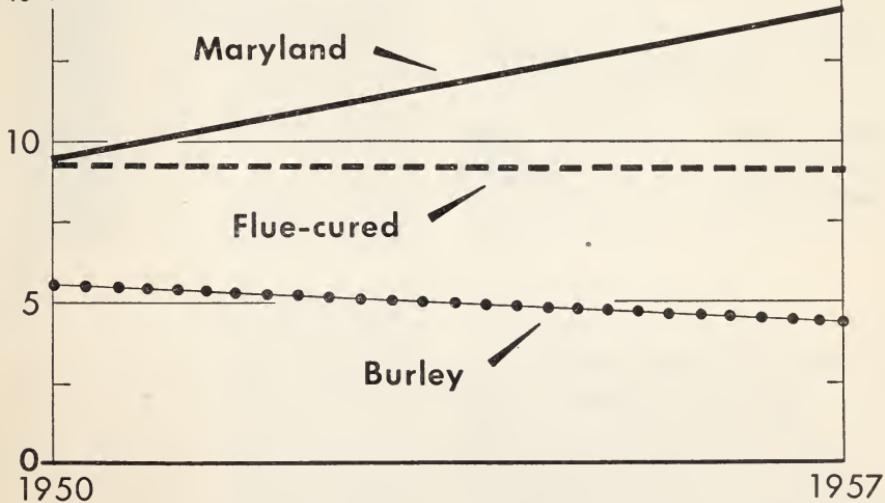
Tobacco growers also have available information from USDA's Market News Service—in the shape of material for radio broadcasts, newspaper reports, and daily market price reports on the auction floor. The farmer will be in a much better position to know when to reject bids if he studies this price information.

Grading and sorting demonstrations are staged by USDA and the Maryland State Extension Service throughout the tobacco producing counties. Farmers can improve their stripping, sorting, and preparation practices by attending these demonstrations whenever possible.

J. W. H. Brown
Marketing Research Division, AMS

TRENDS IN TOBACCO RESALES, 1950-57

% OF GROSS AUCTION SALES



UNITED STATES
DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

WASHINGTON 25, D.C.

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300
(GPO)

In This Issue

	Page
Wheat Vote June 20-----	1
June Survey Cards-----	2
Outlook-----	3
1958 Soybean Supplies-----	4
Most Farmers Have Electricity---	6
Report to Peach Growers-----	7
My Garden-----	8
"Bert" Newell's Letter-----	9
Hog Prices-----	10
More Shorn Wool Likely-----	12
Egg Quality-----	13
Maryland Tobacco Resales---	14

**Farmer's Share of Consumer's
Food Dollar**

February 1957-----	38 percent
January 1958-----	40 percent
February 1958-----	41 percent

Permission Is Given To Reprint
Articles In This Publication

Editor: James M. Buckley
Assistant: Marcelle Masters

334 50
10 24 50
U S DEPT OF AGR LIBRARY
BELTSVILLE BRANCH
ADMIN BLDG
BELTSVILLE, MD STATION
MAY 1958